

January 26, 2004

To: Natural Gas Distribution Operators

From: Glynn Blanton, Chief - Gas Pipeline Safety Division

Subject: Update 2004

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Earnest Burke to Retire

Mr. Earnest Burke will retire from the Tennessee Regulatory Authority at the end of March 2004. Earnest has been an



inspector with the Gas Pipeline Safety Division since 1989. He was employed by Nashville Gas Company prior to his tenure at the TRA. After 15 years of state service, Earnest has decided it's time to hang

up his inspector hat and devote his days to full-time enjoyment of his family and his horses. Hearing him speak of "the most beautiful and smartest granddaughter in the whole world" and his "other job" as judge for the Tennessee Walking Horse Association, we rest assured that he won't get bored. Currently on medical leave after having knee replacement surgery January 12, Earnest will return to the Gas Pipeline Safety office long enough to pack up and say his goodbyes before his official retirement date. His co-workers at the Gas Pipeline Safety Division wish Earnest prosperity and happy trails wherever his retirement leads him.

The TRA is an equal opportunity, equal access, affirmative action employer.

Operator Qualificaton Inspections

This year, the TRA Gas Pipeline Safety Division (GPSD) inspectors will be using the new federal OQ II protocols to conduct OQ inspections. All operators will be inspected in 2004 for compliance of the OQ rule. The OQ inspection may be performed during the same visit for the operator's annual safety inspection, as opposed to a separate visit.

The OQ II protocols checklist and format was established by OPS and has not been modified in any way by the GPSD staff. This checklist will be forwarded to OPS for their review.

The protocols are a tool to assist federal and state pipeline inspectors in evaluating an operator's OQ program. They are not intended as enforcement instruments or to provide inspectors with additional enforcement authority. They are intended to provide inspectors with a template to be used in the course of their inspection of operators for compliance with all elements of the OQ rule. The objective of the protocols is to ensure that operators have followed the prescriptive requirements of the rule.

The OQ inspection form is organized around nine elements, including one for field verification. Each element has one or more associated protocol. The protocol topics have been structured into "Protocol Question(s)" to guide inspectors through the OQ inspection process. Each protocol question is followed by "Guidance Topics." The guidance topics list characteristics that the regulator would typically expect to find in an effective OQ Program and that are consistent with the intent of the regulatory language that accompanies each protocol. Some, all, or none of these characteristics may be appropriate, depending upon factors unique to each operator's OQ Program and pipeline assets. Operators should be prepared to demonstrate that their programs address each of these characteristics or to describe how their program will be effective in their absence.

GPSD inspectors, chief, and administrative assistant have completed the TSI OQ II protocol training and qualification test and are qualified to perform OQ inspections.

Public Education Program

The Pipeline Safety Improvement Act of 2002 (PSIA) mandates that operators of gas and liquid pipelines have a public education program in place. CFR 49 §192.616 required operators to have a public education program in place prior to the PSIA, but the act expands and enhances those requirements considerably.

A review by the operator of its existing plan, using *The Public Education Program Self-Assessment* form, was required by the PSIA and due to federal and state regulators by December 17, 2003. This document, a guide for operators in meeting the new requirements, was based on the standard API RP 1162 "Public Awareness Programs for Pipeline Operators." The federal Office of Pipeline Safety intends to release a proposed rule during the first quarter of 2004 that will incorporate the API RP 1162 standard into Parts 192 and 195. A non-printable version of RP 1162 is available from the API website (<http://committees.api.org/pipeline/standards/index.html>). Hard copies may be purchased from API.

The PSIA also requires operators to begin modifying their programs to correct for gaps and shortcomings identified during the review. The self assessment form should have provided indications of weaknesses in the operator's public education program that will require modification. Operators are encouraged to begin plan modifications as soon as possible. When the RP 1162 standard is incorporated into federal pipeline safety regulations, it will be added to the state inspection program.

Random Drug Testing Rate

Operators are required each year to randomly select and test a certain number of employees for prohibited drugs. The number may not be less than the minimum annual percentage rate as determined by the Federal Office of Pipeline Safety, either 50 percent or 25 percent of covered employees, based on the industry's positive rate of random tests.

In accordance with applicable standards, OPS has determined that the positive rate of random drug tests reported by operators this year for testing done in calendar year 2002 is less than 1.0 percent. Therefore, in calendar year 2004 the minimum annual percentage rate for random drug testing is 25 percent of covered employees. (Effective January 1 through December 31, 2004.)

Don't Miss Out on the Fun and Competition!

The 8th Annual TGA Gas Operator Rodeo will be held on Thursday, April 29, 2004 at the Williamson County AG Expo Park in Franklin, Tennessee. This year's Rodeo is in conjunction with TGA's annual Distribution and Operations Conference scheduled for April 28 - 30, 2004 at the

Embassy Suites in Franklin. Operator teams from across the state will compete in events such as New Meter Set, 6" Pipe Cut, Plastic Pipe Squeeze, Egg Pick Up, and Regulatory Bypass. Cash prizes will be awarded and winners will have the opportunity to enter the National Gas Rodeo in September. Look for detailed information from TGA.

Integrity Management Rule-Transmission Line

As mentioned at the Tennessee Gas Association Fall Management Meeting, the Office of Pipeline Safety (OPS) has issued pipeline integrity management program (IMP) final regulations for systems with transmission lines. The new rule was to take effect January 14, 2004 but has been moved back to February 14, 2004.

The rule requires operators to develop integrity management programs for gas transmission pipelines located where a leak or rupture could do the most harm, i.e., could impact high consequence areas (HCA's). The rule requires gas transmission pipeline operators to perform ongoing assessments of pipeline integrity, to improve data collection, integration and analysis, to repair and remediate the pipeline as necessary, and to implement preventive and mitigative actions. An operator must assess at least 50% of the covered segments, beginning with the highest risk segments, by December 17, 2007 and complete the baseline assessment of all covered segments by December 17, 2012.

DOT to Move Under FRA

Secretary of Transportation, Norman Y. Mineta, and President Bush have proposed restructuring the Department of Transportation (DOT). The most significant change is a plan to move the Office of Pipeline Safety (OPS) to DOT's Federal Railways Administration (FRA). In a December 16 memorandum to the Department, Secretary Mineta cited three reasons for the merging of OPS to FRA.

"First, rail and pipelines are fixed transportation structures, and in some cases, they share the same rights of way. Second, the pipeline system looks and operates more like the rail system than any other mode of transportation. Finally, FRA and the Office of Pipeline Safety focus on safety regulation, enforcement and penalty collection issues. The ability of the Office of Pipeline Safety to perform those functions will be improved by placing its program within an Administration with long experience in those areas."

Gas Distribution Infrastructure Study

Our agency, along with other state regulatory members, is working with the American Gas Association, American Public Gas Association, and American Gas Foundation on a study to assess the nation's gas distribution infrastructure by evaluation of safety performance, current operating and regulatory practices and emerging technologies. A contractor has been hired to work with the Distribution Infrastructure Government Industry Team (DIGIT) members on the report that will be filed with the Office of Pipeline Safety. The study is due to be released in May 2004.

2004 Federal Forms & Reports Due Dates

March 15 RSPA F7100.1-1 Annual Report
April 1 RSPA F7100.1-1 copy to TRA

Cathodic Protection

An OPS advisory bulletin (November 12, 2003), states that special attention should be considered of the threat from external corrosion during and immediately after construction of new steel pipelines or pipeline segments. Operators are strongly encouraged to determine whether new pipelines are susceptible to interference and damage from stray electrical currents. Based on this evaluation, an operator should carefully monitor and take action to mitigate detrimental effects. You should give special attention to a new pipeline's physical location, particularly a location that may subject the new pipeline to stray current from other underground facilities, including other pipelines, and induced current from electrical transmission lines, whether aboveground or underground. You may consider immediately applying cathodic protection even though federal regulations do not require installation until the pipeline is a year old.

National Three-Digit Number (811)

Now is the time for you to express support for a national three-digit number (811) that will automatically connect to the one-call notification center in the state from which you are calling. The North American Numbering Council (NANC), an advisory group to the Federal Communications Commission, sent a letter to the FCC reflecting NANC's desire to save the last available three-digit number (811) for a use other than one-call. The Pipeline Safety Improvement Act of 2002 (PSIA) is unequivocal in directing that a three-digit number be assigned to one-call. The NANC letter states:

"There is no doubt that the safety and security of the nation's public utility infrastructure is vitally important and may well justify the use of the last N11 number for contacting One Call centers. However, it is easy to imagine even more important uses of the last N11 number and it is equally easy to imagine that ten-digit mnemonic numbers would be as effective as 811

for One Call purposes."

National one-call use volume is in the tens of millions of calls per year; only a three-digit number would sufficiently meet the need. Support from you and other participants in underground damage prevention is needed. Letters can be faxed or e-mailed and should stress the importance of designation of the National Three-Digit Number (811). The commission's address is:

Federal Communications Commission
445 12th Street SW
Washington, DC 20554
Fax: (866) 418-0232

Commissioners:

Chairman Michael K. Powell: mpowell@fcc.gov
Commissioner Kathleen Q. Abernathy: kabernat@fcc.gov
Commissioner Michael J. Copps: mcopps@fcc.gov
Commissioner Kevin J. Martin: kjmweb@fcc.gov
Commissioner Jonathan S. Adelstein: adelste@fcc.gov

Gas Pipeline Safety Web Site

The Gas Pipeline Safety website (www.state.tn.us/tra/gassafety.htm) is constantly being updated to provide the most current information on issues that affect you. Be sure and check it out regularly to see information regarding:

- ✓ the **"OQ2/Protocols"** link that will take you to the OPS OQ website for info on the OQ rule and Protocols.
- ✓ how to order the **RP 1162** document.
- ✓ links on helpful programs and groups like the **Tennessee Gas Association, Common Ground Alliance, Dig Safely@**, and **Tennessee One-Call**.
- ✓ a current **Gas Pipeline Safety inspector emergency contact list** for your O & M manual update.

(We encourage you to let us know your suggestions for useful information you would like to see on the web site.)

GAS PIPELINE SAFETY DIVISION EMERGENCY CONTACT NUMBERS & EMAIL ADDRESSES Office -- (800) 342-8359 or (615) 741-2844 Fax (615) 741-1228

Glynn Blanton, Chief

Extension 185
Cell phone 615-476-4685
Phone (home) 615-370-1125
glynn.blanton@state.tn.us

Vicky Nelson Moffitt, Admin. Services Assistant

Extension 184
vicky.nelson.moffitt@state.tn.us

Washington D.C. Response Center – 800-424-8802

Eric Cherry, Gas Safety Engineer

Extension 133
Cell phone 615-476-4728
Phone (home) 615-612-1895
eric.cherry@state.tn.us

Clifton Phillips, Gas Safety Engineer

Extension 187
Cell phone 615-476-4716
Personal Cell 615-618-0827
clifton.phillips@state.tn.us

Brad Williams, Sr. Gas Safety Engineer

Extension 186
Cell phone 615-476-4739
Personal Cell 615-585-6394
brad.williams@state.tn.us

Tom Woosley, Gas Safety Trainer/Eng.

Extension 181
Cell Phone 615-476-4693
Phone (home) 615-230-7557
tom.woosley@state.tn.us

2004 Operator/Inspector List

Private System

Atmos Energy
 Bristol- Woosley
 Columbia- Blanton
 Franklin- Cherry
 Greeneville- Woosley
 Johnson City- Woosley
 Kingsport- Blanton
 Maryville- Blanton
 Morristown- Cherry
 Murfreesboro- Phillips
 Shelbyville- Williams
 Union City- Phillips
 Chattanooga Gas- Cherry
 Cleveland Gas- Woosley
 Counce Nat. Gas- Phillips
 GASCO^(Jellico)- Williams
 GASCO^(Byrdstown)- Phillips
 Hartsville- Cherry
 Nashville Gas- Williams
 Red Boiling Sprs.- Williams

Municipal System

Adamsville- Williams
 Athens- Cherry
 Athens^(Ardmore)- Phillips
 Bells- Williams
 Bolivar- Woosley
 Brownsville- Cherry
 Centerville- Phillips
 Clarksville- Phillips
 Clifton- Williams
 Collinwood- Williams
 Cookeville- Woosley
 Covington- Cherry
 Dickson- Phillips
 Dunlap- Phillips
 Dyersburg- Williams
 Englewood- Williams
 Etowah- Cherry
 Fayetteville- Phillips
 Ft. Campbell- Williams
 Friendship- Woosley
 Gainesboro- Williams
 Gallatin- Woosley
 Gallaway- Phillips
 Halls- Cherry
 Harriman- Cherry
 Henderson- Phillips
 Henning- Williams
 Hohenwald- Woosley
 Humboldt- Cherry
 Jackson- Woosley
 Jamestown- Cherry

Knoxville- Williams
 Lafayette- Cherry
 Lawrenceburg- Phillips
 Lebanon- Phillips
 Lenoir City- Woosley
 Lewisburg- Woosley
 Lexington- Cherry
 Linden- Woosley
 Livingston- Williams
 Lobelville- Woosley
 Loretto- Woosley
 Loudon- Woosley
 Madisonville- Phillips
 Marion- Phillips
 Martin- Cherry
 Mason- Williams
 Maury City- Cherry
 Memphis- Woosley
 Monteagle- Cherry
 Mt. Pleasant- Woosley
 Munford- Phillips
 Newbern- Phillips
 Obion- Woosley
 Parsons- Williams
 Pikeville- Cherry
 Portland- Cherry
 Pulaski- Woosley
 Ridgetop- Williams
 Ripley- Cherry
 Rockwood- Williams
 Savannah- Woosley
 Selmer- Williams
 Smyrna- Woosley
 Somerville- Cherry
 South Fulton- Williams
 Springfield- Williams
 St. Joseph- Phillips
 Sweetwater- Phillips
 Trimble- Cherry
 Troy- Phillips
 Waynesboro- Phillips

Utility District

Bedford County- Williams
 Citizens Gas- Phillips
 Claiborne County- Phillips
 Clay Gas- Cherry
 Crockett Public- Woosley
 Elk River Public- Phillips
 Gibson County- Williams
 Hardeman/Fayette- Cherry
 Hawkins County- Woosley
 Horton Highway- Williams
 Humphreys Co.- Woosley
 Jefferson/Cocke- Williams

Lake County- Phillips
 Middle Tennessee Gas
 Crossville- Williams
 Dayton- Cherry
 McMinnville- Williams
 Smithville- Cherry
 Sparta- Woosley
 Oak Ridge- Woosley
 Paris/Henry Co.- Cherry
 Poplar Grove- Cherry
 Powell/Clinch- Phillips
 Powell Valley- Woosley
 Sevier County- Cherry
 Tipton Co., First- Phillips
 Unicoi County- Phillips
 Upper Cumb.- Williams
 West TN Public- Woosley

Housing Authority

Cleveland- Williams
 Columbia- Cherry
 Covington- Phillips
 Gallatin- Blanton
 Harriman- Cherry
 Hartsville- Phillips
 Huntingdon- Cherry
 Jackson- Blanton
 Jefferson City- Williams
 Johnson City- Cherry
 Kingsport- Phillips
 Lawrenceburg- Cherry
 Lebanon- Phillips
 Livingston- Woosley
 Martin- Williams
 McKenzie- Woosley
 Memphis- Williams
 Metro Dev/Hous.- Woosley
 Murfreesboro- Woosley
 Parsons/Decatur- Woosley
 Portland- Williams
 Pulaski- Woosley
 South Pittsburg- Phillips
 Trenton- Blanton
 Tullahoma- Cherry
 Union City- Phillips
 Waverly- Williams

Apartment

Alexian Village- Cherry
 Avalon West- Phillips
 Georgetown- Blanton
 Green Hills Terr.- Blanton
 Kirby Pines Est.- Woosley
 Maple Village- Williams

Pentad- Cherry
 Ravenscroft- Williams
 Rose Garden- Woosley
 Shepherd Hills- Phillips

Mobile Home Park

Fern Creek- Williams
 Creekside Village- Phillips
 Old Trinity Estates- Cherry
 Stephens Park- Woosley

Intrastate Pipeline

Coalfield- Cherry
 COPCO- Blanton
 Evan Energy- Williams
 Fentress Gas- Woosley
 TENGASCO- Phillips
 Titan- Blanton

Direct Sale

AcuPowder- Williams
 AFG ^(Church Hill)- Cherry
 AFG ^(Kingsport)- Cherry
 Alpha/Owens- Phillips
 ALCOA- Cherry
 Aluminim Recy.- Woosley
 American Kraft- Phillips
 Bowater- Phillips
 Dept. of Energy- Woosley
 Eastman Chem.- Phillips
 General Shale- Williams
 GIL Techs.- Woosley
 Holston^(Kingsport)- Cherry
 Holston^(Mt. Carmel)- Williams
 Occidental Chem.- Blanton
 Olin Corporation- Blanton
 Smelter- Cherry
 Solutia- Phillips
 Tenneco Pkg.- Phillips
 TN Air Ntl. Guard- Williams
 TVA (Gallatin)- Williams
 TVA ^(New Johnsonville)- Woosley
 TVA ^(Nutbush)- Woosley
 Turney Center- Woosley
 UCAR- Williams
 Weyerhaeuser- Cherry

LNG

Nashville- Williams
 Memphis^(Arlington)- Woosley
 Memphis^(Capleville)- Cherry